



PERS RETIREE NEWS

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NV PERS

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PERS' BOARD CHANGES ASSET ALLOCATION

The Retirement Board annually reviews PERS' asset allocation strategy (the mix of stocks, bonds and alternative investments) to ensure the investment program continues to support the long-term goal of safely funding the system's financial obligations.

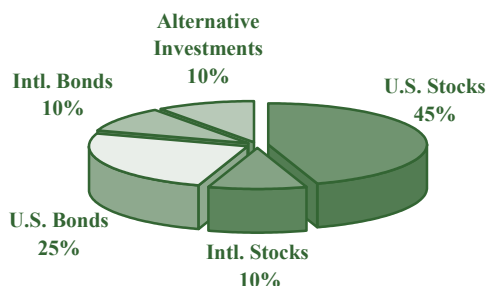
This review begins with an analysis of long-term capital market risk and return expectations. We then use these assumptions to determine the return expectation for the total fund.

Over the last few years, we have acknowledged lower return expectations and lower inflation in the markets in which we invest. The trend continued following this year's review, as the Board modestly reduced PERS' assumptions for long-term returns from each asset class, as detailed in the chart below.

Asset Class	New Expected Return	Prior Expected Return
U.S. Stocks	9.25%	9.50%
International Stocks	9.50%	9.75%
U.S. Bonds	5.75%	6.00%
International Bonds	6.00%	6.25%
Alternative Investments*	9.00%	9.10%

* Includes allocation to Private Real Estate, REITs, and Private Equity

To improve the probability of meeting our funding objectives, the Board shifted 5% of assets from U.S. Bonds to U.S. Stocks. The asset allocation change enhances the opportunity to generate our actuarial goal over the long term by shifting assets from a lower returning asset class (U.S. bonds), to a higher returning asset class (U.S. stock).



The new asset mix is statistically efficient, meaning it maximizes return given its level of risk. The new strategy was implemented in October, and we believe, with these changes, PERS' investment program continues to be well-positioned to meet its long-term financial objectives.

DEDICATED TO DELIVERING ACCURATE AND TIMELY SERVICE

Understanding Your 1099-R Tax Form

The 1099-R form is a Federal Income Tax Form used to provide year-end income and tax information. The 1099-R form is similar to the W-2 form you received while you were working, and must be filed with your Income Tax each year. In accordance with IRS rules, PERS must mail these forms on or before January 31, 2005, for the 2004 tax year. Below is a blank 1099-R form with an explanation of how the form is used to report income and tax information.

Form 1099-R		<input type="checkbox"/> CORRECTED (if checked)	OMB No. 1545-0119	
1 Gross distribution	2a Taxable amount		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
2b Taxable amount not determined	Total distribution			
PAYER'S name, street address, city, state, and ZIP code				
PAYER'S Federal identification number		RECIPIENT'S identification number		
3 Capital gain (included in box 2a)	4 Federal income tax withheld	5 Employee contributions or insurance premiums		
6 Net unrealized appreciation in employer's securities	7 Distribution code	IRA/SEP/SIMPLE	8 Other	%
9a Your percentage of total distribution	9b Total employee contributions			
RECIPIENT'S name and street address (incl. apt. no.), city, state and ZIP code				
Account number (optional)		10 State tax withheld		
11 State/Payer's state no.		12 State distribution		
13 Local tax withheld	14 Name of locality	15 Local distribution		
Copy 2 File this copy with your state, city, or local income tax return, when required.				
Department of the Treasury Internal Revenue Service				

- 4 Box 1 – Gross Distribution** – the total amount PERS paid you in 2004 before income tax or other deductions.
- 4 Box 2a – Taxable Amount** – if you paid contributions to PERS while you were working, a portion of your benefit may be non-taxable. Box 2a shows the amount of your gross distribution that is taxable.
- 4 PAYER'S name, address** – the Payer is PERS, LRS, or JRS.
- 4 Federal identification number** – PERS', LRS, or JRS' Federal Tax ID Number.
- 4 Recipient's identification number** – your Social Security number or other tax payer identification number.
- 4 Box 4** – the amount of Federal Income Tax withheld from your PERS benefit in 2004.
- 4 Box 5** – PERS uses this box to show Employee Contributions paid to you in 2004. Employee contributions are the portion of your retirement benefit that is paid from contributions you paid into PERS while you were working. Because you paid taxes on the contributions at that time, this portion of your benefit is non-taxable. The amount in Box 5 is the difference between your Gross Distribution (Box 1) and the Taxable Amount (Box 2a). PERS **does not** use Box 5 to indicate Insurance Premiums paid in 2004; that information is not found on the 1099-R Form.
- 4 Box 7 – Distribution Code** – the IRS code used to determine what type of benefit you received.
- 4 Box 9b – Total Employee Contributions** – if this is your first year of retirement, Box 9b will show the total employee contributions that were used to pay your retirement benefit. If you have been retired for more than one year, this box will be zero.

Continued on Page 3

Understanding Your 1099-R Tax Form (continued)

- 4 **Account Number (optional)** - identifies which PERS account the benefit was paid from.
- 4 **Boxes 10 – 15** – Nevada does not have State income tax, accordingly, these boxes are not used.

Your 1099-R tax form was mailed from PERS the week of January 18, 2005. All forms were mailed to the mailing address we had on file as of January 5, 2005. If you have any questions or have not received your 1099-R form you may contact our Member and Retiree Services Division at (775) 687-4200 or toll free at 1-866-473-7768.

2005 Legislative Session: PERS Proposed Legislation

The Board of Trustees voted to make several technical or house-keeping changes to the Public Employees' Retirement Act effective July 1, 2005. The Board is proposing no benefit changes or other modifications to PERS' law that would have a fiscal impact on the System.

PERS' technical bill makes several clarifying changes to the Public Employees' Retirement Act and the Judicial Retirement Act. Below is a summary of the modifications in the request:

- PERS is seeking a modification to the requirements for a qualified domestic relations order. Currently the law requires the domestic relations order to contain the Social Security Number of the member and the alternate payee. PERS' requested modification would remove this requirement because the order may be a public record when held by the court. PERS will still require the parties to provide social security numbers privately to the System.
- PERS is seeking a modification to the law governing survivor benefits to children of deceased members. Currently, a child's survivor benefit may be continued between the ages of 18-23 as long as the child continuously remains a full-time student. If the child fails to maintain full-time student status, the benefits cease and cannot be reinstated. PERS' requested modification would allow the System to reinstate the benefits to a child between the ages of 18-23 if the child returns to full-time student status.
- PERS is seeking a technical change to the Judicial Retirement Act to clarify provisions regarding participation in the Judicial Retirement Plan.

The Board of Trustees chose not to seek an extension of the critical labor shortage exemption to the re-employment restrictions due to the cost impact of the benefit. This exemption will sunset on June 30, 2005, unless further legislative action is taken to extend the exemption.

2005 Check Mail Dates

January 26, 2005
February 23, 2005
March 28, 2005
April 26, 2005
May 25, 2005
June 27, 2005
July 26, 2005
August 26, 2005
September 27, 2005
October 25, 2005
November 23, 2005
December 27, 2005



Need Information? Call:

From Las Vegas	486-3900
From Reno or Carson City	687-4200
From Anywhere Else in the U.S.	1-866-473-7768



We Want To Hear From You

"I don't know how I ever had time to work!" is a common cry of the PERS' retiree. Do you finally have the time and resources to take that cruise to Alaska, visit long-lost family and friends, or volunteer for your favorite cause? If your PERS' retirement has given you the security and stability to follow your dreams, we'd like to hear from you. We are looking for your retirement stories to include in our quarterly *Retiree News*. Send your short stories to: PERS Newsletter, 693 W. Nye Lane, Carson City, NV, 89703.



Look for our first
Featured Retiree
in your Summer
2005 Retiree News!

This publication is intended to provide general information. If there is any conflict between this information and Nevada laws or PERS policies, the laws and policies will supersede this information.

Retiree News is a quarterly newsletter for retired members and benefit recipients of the Public Employees' Retirement System of Nevada. Comments or suggestions may be directed to: PERS, Newsletter, 693 W. Nye Lane, Carson City, Nevada 89703



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